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DEPARTMENT OF STATE

Memorandum of Conversation

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [illegible] DATE 25 MAY 1982
RDS☐ or XDS☐ EXT. DATE
TS AUTH. REASON(S)
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PUBLISHING & REPRO. SERVICES DIVISION
1970 JAN 22 PM 12 18

SUBJECT: Italian Civil Air Negotiations

PARTICIPANTS: See paragraph one below.

COPIES TO: Mr. Minetti - CAB; Mr. Scibilia - CAB; Mr. Binder - DOT; Mr. Beaudry - EUR/AIS; E/OA; OA Files

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A meeting was chaired by Mr. Meadows on January 16 to discuss the US position for the forthcoming informal talks with General Santini. Present were Mr. Scibilia from CAB, Messrs. Binder and Flynn from DOT, Mr. Landry from ATA, Mr. Beaudry from EUR/AIS, and Mr. Nartenfrom E/AN. The meeting also focused on the points raised in the "Department of Transportation Proposal for a US/Italy Air Transport Bilateral Agreement" (copy attached) as a possible basis for the US position.

ROUTES:

The DOT proposal in some cases goes further than the Italians have asked, and in some cases ignores specific requests the Italians made. DOT confirmed that the inclusion of an Atlanta option was for domestic political reasons, that the open choice of any city for Italy was to balance our getting all our certificated points plus behind-the-gateway. While the DOT reps said their position could not be changed without referral back to Secretary Volpe, they seemed to understand that it might be simpler to deal with what the Italians actually have asked for rather than suggesting something new and different.

On US routes there was agreement on the inclusion of Cambodia, stopover rights Milan-Rome if the Italians are to get stopover rights between US coterminals (or no stopovers for either side), and some flexibility in naming specific intermediate and beyond points.

MULTIPLE DESIGNATION:

The DOT proposal would involve stipulation of existing US certificated rights. Additional services for existing carriers would be covered by ex post facto consultations, while new services for new carrier to Dallas for free but could substitute another route offered promise although there was doubt about the matter of a substitute route. It was noted that in the end the Italians might stick on a priori consultations and that such a solution would not be inconsistent with the proposed policy statement.

(Drafting Office and Officer)
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ALL CARGO:

DOT confirmed that their proposal is to have a special regime for two years, Bermuda for two years, and then consultations to see whether Bermuda would continue or the whole agreement would be renogotiated. The DOT reps were willing to have the subject of specific numbers of frequencies during the first period left open for further discussion. They are not averse to a system of two years of special regime followed by consultations and an extension of special regime one more year if no agreement, followed by Bermuda. However, they feel their suggestion is more likely to be acceptable to the Italians.

INDUSTRY CONSULTATIONS:

It was agreed Mr. Landry would ask for industry views on the various points discussed above.

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DEPARTMENT OF TRANSPORTATION PROPOSAL FOR A

US/ITALY AIR TRANSPORT BILATERAL AGREEMENT

A. PASSENGER SERVICE:

1. Italy would obtain rights for the following routes:

   (a) From Italy via intermediate points in Spain and Portugal to Boston and New York

   (b) From Italy via Montreal to Chicago and Los Angeles.

   (c) From Italy via Spain to Washington or Atlanta and Dallas.

   (d) From Italy to one other U.S. city of Italy's choice.

2. U.S. would obtain rights for the following routes:

   (a) The presently certificated rights, i.e., two carriers at nine U.S. points and one carrier at three points, without further payment or prior consultation.

   (b) A southern route, e.g., Dallas/Atlanta/Italy, using either a present or new carrier, without further payment or consultation. If a new carrier is not certificated for a southern route, a new carrier may be designated on another (existing or new) route to Italy, subject to payment after ex post facto consultation.

   (c) The U.S. route schedule listing points intermediate to Rome and Milan, and beyond Rome would be the same as that presented to Italy during the November 1969 talks (U.S. paper No. 2).

3. For all new U.S. routes:

   (a) No more than two U.S. carriers, present or new, would operate from any new U.S. city.

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(b) Present U.S. carriers could begin service from new U.S. cities with ex post facto consultation would have to be successfully concluded before service from an additional new city could begin. Each ex post facto

(c) Apart from the new U.S. carrier on the southern route or alternative route, new U.S. carriers could begin service only with a priori consultation.

(d) Through plane services from behind the gateways are not to be considered new routes.

4. At any consultation, whether ex post facto or a priori, either party may request a determination of the following:

(a) Whether the overall U.S./Italy agreement is imbalanced, and if so,

(b) Appropriate compensation to rectify any such imbalance.

B. AIR CARGO SERVICE:

1. The U.S. would agree to a two year extension of the present regime, with U.S. carrier all cargo frequencies increasing to 12 during the first year, and 15 in the second year. Thereafter, all cargo services would be fully covered by the air services agreement and, consequently, subject to prescreening of U.S. schedules by the U.S. Government prior to filing with Italy. At the end of four years: (a) each country would have to agree to a continuance of the regime operated during the last two years or (b) either country could ask for renegotiation of the entire air transport agreement.

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